

Message Text

UNCLASSIFIED

PAGE 01 CARACA 00871 231429Z

46

ACTION EB-07

INFO OCT-01 AF-06 ARA-10 EUR-12 EA-10 NEA-09 ISO-00 AEC-07

AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 FEAE-00

FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 RSC-01 SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00

FRB-01 PRS-01 PA-02 USIA-15 XMB-04 /147 W

----- 009449

R 222053Z JAN 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 7379

INFO AMEMBASSY BEIRUT

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY PORT OF SPAIN

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMCONSUL DHAHRAN

USMISSION OECD PARIS

UNCLAS CARACAS 0871

E.O. 11652: N/A

TAGS: ENRG, VE

SUBJECT: VENEZUELAN GOVERNMENT TAKE UNDER NEW OIL TAX

REF: CARACAS 836

1. AT RISK OF FURTHER CONFUSING RATHER THAN CLARIFYING
NEW VENEZUELAN OIL TAX SITUATION, THE FOLLOWING INFORMATION
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CARACA 00871 231429Z

AND COMMENTS ARE OFFERED. THE OFFICIAL GAZETTE FORMALIZING THE

TAX CHANGES IS EXPECTED TO BE PUBLISHED TOMORROW, JANUARY 23.

2. AVERAGE TAX EXPORT VALUE (TEV) OF CRUDE AND PRODUCTS HAS BEEN LOWERED FROM \$14.45 TO \$13.61 PER BARREL, ACCORDING TO ANNOUNCEMENT APPEARING IN THE CARACAS PRESS. OIL INCOME TAX RATE HAS BEEN INCREASED FROM 63.5 PERCENT TO 72 PERCENT, BUT GOV STILL ALLOWS TWO PERCENT DEDUCTION AS INCENTIVE FOR NEW INVESTMENT BY OIL COMPANIES. THUS, EFFECTIVE TAX RATE FOR CALCULATION OF GOVERNMENT TAKE IS NOW 70 PERCENT. FREIGHT DIFFERENTIAL ADDED TO TEV HAS BEEN QUOTE REDUCED UNQUOTE TO \$1.13 FROM \$1.91. THIS DOES NOT JIBE WITH FREIGHT CALCULATIO GIVEN PETATT IN OCTOBER 1974 OF \$0.4160. PRODUCTION COST ALLOWANCE IS NOW CALCULATED AS \$0.75 FOR CRUDE AND \$1.10 FOR PRODUCT, AND THIS ALSO DIFFERS FROM DATA SUPPLIED ON TWO SEPARATE OCCASIONS IN OCTOBER 1974 TO PETATT BY MINIES MINISTRY OFFICIALS. PRODUCTION COST WAS THEN CALCULATED IN ONE SPECIFIC CASE AS \$0.5120 AND IN A SECOND CASE AS \$0.81 ON CRUDE.

3. FOLLOWING TABLE WAS SUPPLIED THIS MORNING, JANUARY 22, BY MINES MINISTRY OFFICIALS AS BEING NEW GOVERNMENT TAKE ON 25 API GRAVITY VENEZUELAN CRUDE. DATA IS IN DOLLARS PER BARREL.

EXPORT VALUE	12.27	
PLUS FREIGHT DIFFERENTIAL -	1.13	
	13.40	
LESS ROYALTY	2.27	
LESS PRODUCTION COST	0.75	3.02
	10.38	
INCOME TAX AT 70PCT	7.30	(OBVIOUSLY ROUNDED OFF, AS ACTUAL FIGURE IS 7.266)
LUS ROYALTY	2.27	
GOVERNMENT TAKE	9.57	

4. FOLLOWING TABLE SUPPLIED ON GOVERNMENT TAKE ON UNSPECIFIED PRODUCTS:

EXPORT VALUE	- 12.45
PLUS FREIGHT DIFFERENTIAL -	1.13

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 CARACA 00871 231429Z

	13.58	
LESS ROYALTY	2.27	
LESS PRODUCTION COST	1.10	3.37
	10.21	
INCOME TAX AT 70PCT	7.14	
PLUS ROYALTI	2.27	
GOVERNMENT TAKE	9.41.	

MCCLINTOCK

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, CUSTOMS DUTIES, TAX CHANGES, EXPORT PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CARACA00871
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750025-1100
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750131/aaaabbfp.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 CARACAS 836
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 07 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 APR 2003 by RuthemTJ>; APPROVED <18 FEB 2004 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VENEZUELAN GOVERNMENT TAKE UNDER NEW OIL TAX
TAGS: ENRG, VE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006